

MTR Corporation at a Glance

MTR is recognised as one of the world's leading railway operators, with a successful track record of building sustainable communities based on an integrated approach to rail transport and property development. We opened our first railway line in Hong Kong 35 years ago, since then our activities have increased in size, scale, geographical coverage and diversity. Our strategy for future growth is making good progress, as we significantly expand our network in Hong Kong and our portfolio of rail-related operations in the Mainland of China and overseas.



Business Description

We operate a predominantly rail-based transportation system in Hong Kong, comprising Domestic and Cross-boundary services, a dedicated high-speed Airport Express and a light rail system. The entire system stretches 218.2 km and has 84 stations and 68 Light Rail stops. Our network is one of the most intensively used in the world, and its reliability, safety and efficiency are held in high regard. We also provide intercity services to and from the Mainland of China as well as a small bus operation in Hong Kong offering convenient feeder services.

2013 Highlights

- Revenue increased on 3.0% growth in patronage and further gains in market share
- Successfully concluded the first five-yearly review of the Fare Adjustment Mechanism ("FAM") with Government. Under the same FAM formula but using a revised productivity factor, fares were adjusted by 2.7% instead of 3.2%, accompanied by additional fare concessions
- Train frequencies on the Tsuen Wan, Kwun Tong, Island, East Rail and West Rail lines increased, with over 1,300 train trips per week added since 2012
- Construction works for the South Island Line (East), Kwun Tong Line Extension, West Island Line and Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link all proceeding on schedule
- West Island Line connected to the existing network ready for operation in 2014



Business Description

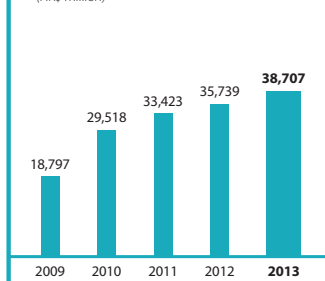
We leverage on our Hong Kong railway assets and expertise into other businesses, including rental of station retail space, advertising in trains and stations, and telecommunications.

2013 Highlights

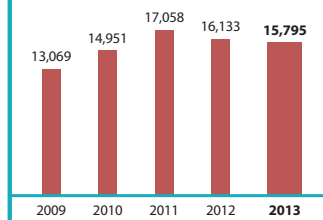
- Station retail revenue was boosted by significant rental increases at Duty Free Shops at Lo Wu and Hung Hom stations, under the new licence that commenced in January 2013
- Advertising revenue increased, and we continued to launch new advertising formats, including "Supernova Zone" in Hong Kong Station, which blends advertising panels with interactive devices
- Higher telecommunications revenue, and by year-end 2013, 4G mobile service was available at all stations

Turnover

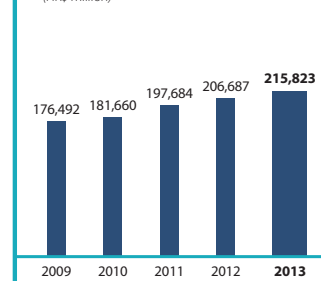
(HK\$ million)

**Operating Profit Before Depreciation, Amortisation and Variable Annual Payment**

(HK\$ million)

**Total Assets**

(HK\$ million)



Hong Kong Property and Other Businesses

Business Description

In Hong Kong, we develop for sale mainly residential properties in conjunction with property developers. We hold investment properties, principally shopping malls and offices, managing these and other properties. Our investment portfolio primarily includes shopping malls and 18 office floors of the Two International Finance Centre office tower. We also engage in cable car operations, the Octopus card payments system, consulting and project management.

2013 Highlights

- Further sales of inventory units, especially at The Riverpark at Che Kung Temple Station, contributed to property development profit
- Achieved good pre-sale of The Austin (Austin Station Site C) with all units sold
- Tender for the Long Ping Station (South) site, where we act as agent for the relevant subsidiary of Kowloon-Canton Railway Corporation, was awarded in June 2013
- Successful renovation of The Edge and rebranding as Popcorn 2



Mainland of China and International Businesses

Business Description

We have invested in urban rail networks and related property developments in the Mainland of China, and "asset-light" operating concessions in the UK, Sweden and Australia. We continue to pursue new railway and rail-related business opportunities in these and other markets.

2013 Highlights

In our Mainland of China railway and property businesses:

- Phase 1 of Beijing Metro Line 14 opened on schedule on 5 May 2013 with satisfactory service performance
- Successfully bid for the land use right for a site at Tianjin Beiyunhe Station on Tianjin Metro Line 6 at a price of RMB2,075 million in August 2013 through our 49% owned associate

In our International railway businesses:

- In recognition of excellent performance, our franchise on operating London Overground was extended for a further two years to November 2016
- A 455-km new rail service, MTR Express, will be launched to connect Sweden's two largest cities Stockholm and Gothenburg